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S E C R E T SECTION 01 OF 02 RPO DUBAI 000232

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SUBJECT: IRAN REGIONAL PRESENCE OFFICE DUBAI: WINDOW ON IRAN - JUNE  
3, 2009

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CLASSIFIED BY: Ramin Asgard, Director, Iran Regional Presence  
Office, DOS.

REASON: 1.4 (b), (d)

11. (S/NF) Rivals Eroding AN's Purportedly Solid Base of  
Support: After discussing election developments with a broad  
range of contacts, it appears that in combination, AN's three  
rivals can strip him of a substantial number of votes from his  
base. A few of this week's entries refer to this situation, and  
we have attached a graphic to highlight this trend.

12. (S/NF) Reformist Election as Proxy Battle Between Khamenei  
and Rafsanjani: IRPO officers met on June 1 and 2 with a  
reformist former Khatami campaign official (and son of Khatami's  
former vice president) and a Rezai supporter to discuss the  
election. The reformist portrayed the election, as numerous  
other contacts have, as a proxy showdown between Supreme Leader  
Khamenei and Expediency Council Chair Hashemi Rafsanjani. He  
noted that Rafsanjani was either directly or indirectly funding  
all three of Ahmadinejad's challengers. He argued that,  
possibly based upon a strategy devised by Rafsanjani,  
Ahmadinejad's rivals have combined to erode his base of support.  
Karroubi, Mousavi, and Rezai all target key constituencies  
thought to represent a solid AN voting block (the rural poor,  
the IRGC and Basij, Leftists, traditional religious citizens,  
financial opportunists). Comment: Public comments from  
Ahmadinejad insiders appear to support the idea that this race  
is in some ways a reprise of the 2005 second round contest  
between Rafsanjani and Ahmadinejad. Ahmadinejad campaign  
manager Samareh-Hashemi was recently quoted as complaining that  
the President was not running against Karroubi, Mousavi and  
Rezai, but rather "Hashemi, Hashemi, and Hashemi." (Note:  
Hashemi refers to Expediency Council head Rafsanjani.)

13. (S/NF) Rezai Insider Outlines the Candidate's Determination  
to Stay in Race: A former IRGC General and close associate of  
presidential candidate Mohsen Rezai said that the IRGC  
co-founder is determined to stay in the race, and will not  
withdraw shortly before the election as he did in 2005.  
According to the contact, Rezai is seriously aiming to win the  
election and believes his candidacy is viable. Second, he  
believes that even if he does not ultimately prevail, he will  
take a substantial number of votes from Ahmadinejad, primarily  
from his conservative base. Lastly, and perhaps most  
significantly, the contact said Rezai believes that his  
participation as a candidate will help contain IRGC and

Basij-driven election fraud. As another contact pointed out in a discussion of the likelihood of malfeasance, there are currently 95,000 Basij bases in Iran, each staffed with an average of 25 Basijis, amounting to a significant pool of potentially fraudulent voters.

14. (S/NF) Former Guardians Council Member: AN Will Win if Top Rival Gets Less than Five Million More Votes: In a June 3 meeting with IRPO, a former Guardians Council member explained that Khamenei preferred a president who would be his "servant," and AN fit that description. The other three candidates, he noted, came up with Khamenei and are heavyweights in their own right. For this reason, he was advancing his preference for AN. This contact recounted that Khamenei had told a recent meeting of the Assembly of Experts that AN was best for the health of the country. He reported that a number of the Assembly members - the only body constitutionally empowered to remove the leader - got up and walked out at this statement. As IRPO has reported earlier, Khamenei has given AN virtually unlimited financial backing. The former GC member told us, as many contacts have, that five million blank identity documents are ready to help sway the election outcome to AN. So, he concluded, if someone is going to defeat AN, they will have to do it by more than the five million vote "margin of fraud."

15. (S/NF) Rezai Supporter Outlines the Importance of the Debates: According to the former IRGC general referenced above, the debates will be very important, because just as is in the US, many average people would make their voting decision based upon candidate performances in debates. It was one thing, he continued, for a candidate to present his positions in a speech or in an interview, but in a debate he had to defend his record and his campaign positions against a rival's attacks.

This observer, who as noted is in regular touch with Rezai, as

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well as indirectly with the other campaigns, considered Rezai-Ahmadinejad, scheduled for 9:15 pm on June 9th, the most important debate. He thought because of AN's vociferous and confrontational style, AN would probably get the better of the urbane Mousavi in their debate. He noted that AN's main weakness in the debates was having to defend his track record as president.

16. (S/NF) As for AN -Karroubi, he thought Karroubi could do a much better job standing up to AN. Moreover, Karroubi's clerical credentials went far with the types of rural constituencies AN hoped to dominate. This former general described Karroubi as a lobbyist and a conciliator, who was adept at bringing disparate groups into consensus. Nonetheless, he noted that rumors continue to plague Karroubi about his "corrupt" activities while head of the Bonyad-e Shahid (Martyr's Foundation). He explained that this corrupt activity consisted of Karroubi taking 160 war martyr's wives as sighehs (temporary marriage), which many find a highly objectionable misuse of public office.

17. (S/NF) On the Rezai-AN debate, he said Rezai was forceful enough a speaker and thinker to "break" AN in the debate format. Given AN's many failings, which Rezai's website Tabnak (formerly Baztab) have highlighted in detail for the last few years, Rezai may be able to greatly embarrass AN. In Rezai's view, AN's misguided foreign and economic policies and reckless rhetoric have damaged Iran's global standing and are ruining the Islamic Republic. If Rezai can score a knockout in this debate so close to the election, he could swing many votes away from AN. Meanwhile, Rezai's only apparent vulnerability is his son's

defection to the U.S. and subsequent misadventures. This Rezai confidante felt his candidate could easily counter this attack if AN tried to pursue it.

18. (S/NF) Ahmadinejad Feeling the Heat on Economy?: An Iranian consultant in the oil and gas sector offered his opinion that Ahmadinejad is taking desperate measures to paint his presidency as good for the economy. The consultant pointed to the convenient disbursement of \$20,000 to Majles deputies and reported payments to nurses and civil servants, that have drawn criticism from Hassan Rowhani and Mehdi Karroubi, as well as Ahmadinejad's claim that his critics are liars. The president's renewed focus on corruption also suggest he is concerned that his opponents focus on rising inflation and unemployment may resonate with the public. Our contact also observed that Mehdi Karroubi's promise to pay dividends in oil revenues and increase if along with oil prices has worried Ahmadinejad. On the other hand, while Iran's Judiciary has warned Ahmadinejad from exposing economic criminals that have not been indicted by the Judiciary, this could allow Ahmadinejad to paint himself as the victim in a struggle against Iran's elite.

9.(C/NF) Similarities Abound, But Oil Revenue Separates Candidates: A review of Mehdi Karrubi's, Mir Hossein Mousavi's, and Mohsen Rezai's economic platforms reveals that the strongest disagreement between the candidates is the mechanism by which they would distribute oil revenues among the population. Mousavi and Rezai support depositing at least a portion of Iran's oil revenues into a National Development Fund as the catalyst for capital investment. Both candidates also lean heavily towards investing in the private sector as the only means to attract foreign investors and achieve growth. Karrubi maintains that he too supports the private sector, but continues to focus on giving shares of oil revenues directly to Iranians, a move both Rezai and Mousavi have criticized.

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